

*Make it happen.*



**GSEPS PLAN HIGHLIGHTS**

*Make it happen.*



**The Georgia State Employees' Pension and Savings Plan (GSEPS)** is a retirement benefit plan that offers you both the security of a traditional pension plan and the opportunity to invest money toward ***making your retirement dreams happen.***

The Employees' Retirement System of Georgia (ERS) is responsible for the overall management of GSEPS, including the administration of the pension plan and the selection and management of all the 401(k) Plan investment options. Aon Hewitt, a leading retirement services provider, is the 401(k) Plan provider, with oversight by ERS.

# ABOUT GSEPS

GSEPS is a retirement plan comprised of a Defined Benefit Pension Plan and a 401(k) Plan with a matching employer contribution. The pension component of GSEPS is mandatory for eligible employees. In addition, you'll be automatically enrolled in the 401(k) Plan at a contribution rate of 5% of your compensation, with a corresponding match from your employer of 3% of your compensation. If you don't wish to be automatically enrolled in the 401(k) Plan, log on to the GaBreeze website and complete the *change your automatic enrollment* process as referenced in the GSEPS 401(k) Enrollment Information Notice provided to you at the time of hire.

Whether you've been saving for years or are just getting started, GSEPS provides you with the tools you need to make your retirement dreams happen, including:

- Employee and employer contributions to a pension plan that can provide guaranteed retirement income to you based on salary and years of service.
- Pre-tax 401(k) Plan contributions and employer matching contributions that provide tax-deferred retirement savings.
- Investment advice to help with your retirement planning.

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## YOUR GSEPS DEFINED BENEFIT PENSION PLAN

The Defined Benefit Pension Plan provides for a guaranteed monthly income after you retire, as long as you have a minimum of 10 years of creditable service with the State of Georgia. Contributions are 1.25% of your pensionable<sup>1</sup> salary and participation in the Plan is mandatory. Monthly benefits are determined based on the following formula:

**1% x years of service x highest average salary<sup>2</sup>**

**Bottom line: the more years of service, the higher your monthly benefit.**

Laws governing the Defined Benefit Pension Plan provide service retirement and death and disability benefits, and permit a refund of Plan contributions and interest to members who leave state employment. Employer and employee pension contributions are paid into the retirement fund for the welfare of members and their beneficiaries, and all pension benefits are paid from this fund.

For more detailed information regarding the pension benefits available, go to [www.ers.ga.gov](http://www.ers.ga.gov) and download the ERS Member Handbook. Pension benefits are described in general below.

### Normal service retirement

Age 60 with 10 or more years of service, or any age with at least 30 years of service.

### Early service retirement

Minimum qualifications are 25 years of service and under age 60. Benefits are calculated using actual years of creditable service with a reduction of 7% for each year under age 60 or each year under 30 years of service, whichever is less (maximum reduction of 35%).

1. Pensionable salary is defined as regular compensation payable for full normal working time, excluding any supplements from local funds. This also excludes pay such as bonuses, FLSA Compensatory time, holiday pay, annual leave payouts, overtime, and vehicle allowances.
2. The average is calculated using the highest consecutive 24 months of salary while a member of the retirement system.

## Death benefits

- For an actively employed member age 60 with minimum 10 years of creditable service at time of death, the named beneficiary receives a monthly lifetime benefit.
- For an actively employed member less than age 60 with at least 15 years of creditable service at time of death, the named beneficiary receives a monthly lifetime benefit.
- For an inactive (terminated employment with the state and not retired) member, regardless of age or length of service at the time of death, or an active member less than age 60 and with less than 15 years of creditable service, the named beneficiary receives a refund of the employee's contributions and interest.

## Disability retirement

You must have at least 15 years of creditable service and be under age 60 to be eligible to apply for disability retirement benefits. Applicants must be in active employment with the state at the time of application. If approved, the retirement benefit would be based upon years of service x 1% x the highest average salary.

# MANAGING YOUR PENSION ACCOUNT

## Online pension plan account access

You have access to information about your pension plan account via the ERS Member **Account Access**, available anytime at [www.ers.ga.gov](http://www.ers.ga.gov). After your first month of service you'll need to establish a username and password, after which you can access your account to review information and obtain estimates of pension benefits.

## Online pension plan beneficiary designation

Approximately 30-45 days after hire, you should designate your pension plan beneficiary(ies) online through Member **Account Access**, available at [www.ers.ga.gov](http://www.ers.ga.gov). You may view or make changes to your election at any time. This is NOT the same as your 401(k) Plan beneficiary designation (see page 11).

## PSR 401(k) PLAN

GSEPS provides a retirement savings feature through the Peach State Reserves (PSR) 401(k) Plan, administered by Aon Hewitt. The 401(k) Plan gives you an opportunity to manage your retirement savings, with access to many investment options and investment advice. Contributions to the 401(k) Plan are matched by your employer, as follows:

- 100% match of the first 1%.
- 50% match for each additional percentage you contribute, up to 5%.
- Total state match is 3% of salary, based on an employee contribution of 5%.

### Contribution limits

You may contribute up to a maximum of 80% of your annual income to your PSR account, as permitted by IRS rules, up to \$18,000 for 2015 (or \$24,000 if you will be at least age 50 in 2015). Visit the GaBreeze website at [www.GaBreeze.ga.gov](http://www.GaBreeze.ga.gov) for contribution limits beyond 2015.

### Example of 401(k) Plan match:

Based on an annual salary of \$30,000 paid semi-monthly, the maximum percentage of employer match contributions is 3% of an employee's pensionable salary.

Contribution %	Contribution \$ per pay period	Employer match per pay period
1%	\$12.50	\$12.50
2%	\$25.00	\$18.75
3%	\$37.50	\$25.00
4%	\$50.00	\$31.25
5%	\$62.50	\$37.50
Employee may contribute over 5% to the Plan, but will only be matched on contributions through 5%.		\$37.50

Your contributions to your PSR account are immediately 100% vested. However, the employer contributions are subject to a five-year vesting schedule, vesting 20% for each completed year of service, beginning with your date of hire.

401(k) Plan match vesting schedule <sup>3</sup>	
Years of continuous service	Vested amount
After 1 year	20%
After 2 years	40%
After 3 years	60%
After 4 years	80%
After 5 years	100%

3. Note: For the GSEPS 401(k) Plan component, any break in service of greater than 31 days will cause the five-year 401(k) Plan vesting schedule to restart as of the new date of hire. For ERS “new” or “old” Plan members who choose to transfer their retirement Plan membership to GSEPS, the 401(k) Plan vesting schedule begins as of the date of transfer to GSEPS (the month GSEPS contributions began).





## INVESTMENT OPTIONS

The PSR 401(k) Plan offers two different approaches to investing that can help you diversify your investment portfolio. Diversification refers to spreading your savings among a variety of investment options that invest across and within asset classes (stocks, bonds, and short-term/stable value investments) to help improve your returns over time and help reduce risk. Option A features Lifecycle Funds – a hands-off approach to investing. While you'll be automatically enrolled into the appropriate Lifecycle Fund based on your age, investing in a Lifecycle Fund isn't mandatory. You may also select Option B which features 16 core investment options to choose from.

### Option A: Hands-off approach: Lifecycle Funds

The Lifecycle Fund selection is based on your age and approximate retirement date, and is as follows:

Lifecycle Fund Options	Participants born...
Lifecycle Income Fund	On or before 12/31/1949
Lifecycle 2020 Fund	1/01/1950 - 12/31/1959
Lifecycle 2030 Fund	1/01/1960 - 12/31/1969
Lifecycle 2040 Fund	1/01/1970 - 12/31/1979
Lifecycle 2050 Fund	On or after 1/01/1980

Lifecycle Funds are a simple solution to investing as they comprise five investment options, representing five asset classes, and are rebalanced quarterly to become more conservative as they approach their target date.



### Review fund information

Prior to investing, you should carefully review all fund information and objectives, and consult with your investment advisor. Fund materials can be obtained by visiting the GaBreeze website or calling the GaBreeze Benefits Center at **1-877-3GBreeze (1-877-342-7339)**.



## Option B: Hands-on approach: core investment options

PSR has 17 core investment options among various asset categories to help you build a well-diversified portfolio. More information about the investment options can be found on the GaBreeze website by going to the *Peach State Reserves* tab under *Review Investments* and selecting *Fund Performance*.

Asset Class		Investment Option
Money Market		Money Market Fund
Bonds	Index	Core Bond Index Fund
Bonds	Actively Managed	2015 Target Maturity Bond Fund 2016 Target Maturity Bond Fund 2017 Target Maturity Bond Fund 2018 Target Maturity Bond Fund 2019 Target Maturity Bond Fund
U.S. Equities Large Cap Funds	Actively Managed	Active Large Cap Value Stock Fund Active Large Cap Growth Stock Fund
U.S. Equities Large Cap Funds	Index	Large Cap Value Stock Index Fund Large Cap Core Stock Index Fund Large Cap Growth Stock Index Fund
U.S. Equities Small/Mid Cap Funds	Index	Mid Cap Core Stock Index Fund Small Cap Core Stock Index Fund
Real Estate	Index	Real Estate Securities Index Fund
International Equities	Actively Managed	Active International Stock Fund
International Equities	Index	International Stock Index Fund

## Self-Directed Brokerage Account

Experienced investors looking for maximum flexibility can also invest in the Self-Directed Brokerage Account (SDBA) with Hewitt Financial Services, LLC. The SDBA gives you access to publicly traded stocks, fixed income products, options, and more than 12,000 mutual funds.\* In addition, more than 6,400 of the mutual funds are available with waived loads and/or no transaction fees (NTFs).\*\* Once you've established an SDBA, the initial transfer is \$5,000 and all subsequent transfers must be at least \$1,000. You may not direct ongoing contributions directly into the SDBA. A minimum balance of \$5,000 must be maintained in the core funds or Lifecycle Funds.

### About Hewitt Financial Services

Securities are offered by Hewitt Financial Services. Hewitt Financial Services LLC, member FINRA, SIPC, is a broker/dealer that primarily provides services to retirement plans. It is a subsidiary of Hewitt Associates LLC (branded Aon Hewitt).

Securities: Not FDIC Insured • No Bank Guarantee • May Lose Value

\* Only covered calls and protective puts are available in the SDBA.

\*\* Other fees and expenses regularly charged by the funds will apply. Before investing in any mutual fund, please read its prospectus carefully. For a copy of any prospectus, which includes information about risk considerations, fees, and other expenses, visit the Hewitt Financial Services website at [www.hewittfs.com](http://www.hewittfs.com) or call 1.800.890.3200.

# GET HELP FROM AON HEWITT FINANCIAL ADVISORS

If you need help determining how much to contribute and/or which investment options to choose, PSR provides the following resources from Aon Hewitt Financial Advisors, LLC (AFA), in partnership with Financial Engines.

## Online Advice tool

You can elect this service at no additional cost after you enroll in PSR. The Online Advice tool, powered by Financial Engines, is available through the GaBreeze website to provide you advice anytime you need it. The tool offers expert recommendations about how much money you should save, which Plan funds to invest in, and how much to invest in each, based on your unique needs and goals.

## Aon Hewitt Professional Management program

This program is a full-service way for you to receive ongoing independent investment management for your account. You can elect this program for a fee after you enroll in PSR. The program provides a personalized plan for your account that is managed and monitored by Investment Advisors. You'll receive quarterly updates to help keep you on track.

For details on this program, including fee information, call **1-866-560-7256** from 9 a.m. to 9 p.m. Eastern Time to speak with an AFA Investment Advisor, or visit the GaBreeze website.

# ENROLLMENT

## Automatic enrollment

Upon hire you're automatically enrolled into the PSR 401(k) Plan at a contribution rate of 5% of your pensionable salary to be invested in the Lifecycle Fund that corresponds to your date of birth (see page 6). If you don't wish to be automatically enrolled in the 401(k) Plan, log on to the GaBreeze website and complete the *change your automatic enrollment* process as referenced in the GSEPS 401(k) Enrollment Information Notice provided to you at the time of hire.

### Automatic enrollment (continued)

If you decide to opt out of enrollment during the initial 90-day period from date of hire, you will receive a refund of your employee contributions—provided you haven't made any investment and/or contribution changes and do not have a prior balance in your account. Refunds are considered a taxable event, and will reflect any investment gains or losses in your account. You may still discontinue participation after 90 days; however, you will not receive a refund of contributions. You may also re-enroll at any time.

To change your contribution rate from the 5% automatic enrollment or to change how your contributions are invested, access your account through the GaBreeze website at [www.GaBreeze.ga.gov](http://www.GaBreeze.ga.gov) or contact the GaBreeze Benefits Center at **1-877-3GBreez (1-877-342-7339)**. Requested changes will be made as soon as the next available pay period, subject to the timing of employer payroll cutoff deadlines.

### Voluntary enrollment

If you chose to Opt Out of the PSR 401(k) Plan when hired but decide to enroll at a later date, visit the GaBreeze website at [www.GaBreeze.ga.gov](http://www.GaBreeze.ga.gov) and follow the system prompts to create a user ID and password. If you already created a user ID and password to access Flexible benefits, you can use the same information to enroll in PSR. From the ***Peach State Reserves*** tab, select ***Start Saving***. Then, choose one of the following options:

- a) Quick Enrollment** to automatically contribute 5% of your pay. Your contributions will be invested in an age-appropriate Lifecycle Fund. You'll be free to change these elections at any time.
- b) Expanded Choices** to set your own contribution rate and choose your own investment mix.

If you have questions about enrolling online or would prefer to enroll over the phone, call the GaBreeze Benefits Center at **1-877-3GBreez (1-877-342-7339)**. Representatives are available from 8 a.m. to 5 p.m. Eastern Time, Monday through Friday.

## 401(k) PARTICIPANT FEES

A combination of two types of fees, asset-based and flat, are charged to participants of PSR to cover expenses from the following three areas:

1. Investment management and securities selection for each investment option.
2. The recordkeeping of individual participant accounts and the daily processing of participant contributions and investment activity.
3. The administration of PSR, including annual Plan audits, legal advice on Plan design and compliance, oversight of investment managers, trustee and custodial management of assets, participant investment advisory services, and Plan communication.

**Asset-based fees:** The investment management and securities selection fees, as well as a PSR administration fee, are reflected in the Net Asset Value of each investment option. Fees vary, and you can find more information in the fund materials on the GaBreeze website.

**A flat fee of \$8** is also charged to your account quarterly regardless of the balance in your account.



### Designate your beneficiary(ies)

To designate one or more beneficiaries, visit the GaBreeze website and click the **Personal Info** tab from the top menu, and then **Beneficiaries**. You'll need to periodically review and update your election, if necessary.



### Bring it with you

If you have an IRA or retirement plan from a previous employer, you may want to consider transferring those funds into PSR. By consolidating your retirement accounts, you will benefit from the features available to you through PSR, including access to investment advice.

# MANAGING YOUR 401(k) PLAN ACCOUNT

You'll have easy account access, available at any time, through the GaBreeze website at [www.GaBreeze.ga.gov](http://www.GaBreeze.ga.gov). Here, you can:

- Monitor your account balance
- Obtain your personalized retirement income forecast
- Access investment advice
- Manage your investments and transfer money among funds
- Change your contribution amounts
- Choose Automatic Rebalancing to help keep your investments on track
- Review fund performance
- Download forms via a secured participant mailbox
- Update beneficiary information
- View account statements

## Account statements

Annual account statements are mailed each January showing your annual contributions, any interest and investment gains or losses, and your current account balance. You can also access account information on the GaBreeze website or by calling the GaBreeze Benefits Center.

In addition, you can view a statement online at any time. Account values fluctuate with market conditions; therefore the value of an account may be worth more or less than the original amount invested at any point. Fund prices are updated daily and can be found on the GaBreeze website or by calling the GaBreeze Benefits Center.

# ACCESSING YOUR 401(k) PLAN RETIREMENT SAVINGS

The PSR 401(k) Plan is designed to be a vehicle for saving toward retirement. Monies may be withdrawn from your PSR account, as permitted by federal regulations, upon retirement, separation from service, and in the event of death, with benefits paid to a beneficiary(ies). Under very specific and extremely limited situations, in-service withdrawals are permitted.

## Distributions when retiring or leaving state employment

You may begin taking distributions from your PSR 401(k) Plan account at any time after meeting the 30-day waiting period requirement. You may elect to receive a lump sum, a partial lump sum, payments for a specific time period, payments based on your life expectancy or you and your spouse's joint life expectancy, or to purchase an annuity. Monthly, quarterly, semi-annual, or annual payment options are available. IRS Required Minimum Distribution (RMD) rules require you to begin taking distributions no later than April 1 following the year you reach age 70½. You may increase, reduce, or cease your benefit payments at any time, unless you have started receiving RMDs after reaching age 70½.

## In-service withdrawals and early withdrawal penalties

Generally, withdrawals from tax-sheltered retirement plans such as PSR are not permitted until separation from service. Additionally, the Plan is not designed as a source to pay for emergency expenses or financial hardship. However, there are some instances where withdrawals may be permitted prior to separation from service, if eligibility requirements are met. Withdrawals may be permitted under the following circumstances:

- When you experience an immediate and dire financial need that meets IRS requirements: The IRS has established guidelines that must be met, support documents must accompany all requests, and the amount withdrawn cannot exceed the amount needed to satisfy the emergency.
- Roll over to purchase retirement service credits, if the retirement plan receiving the rollover is a qualified retirement plan.



## In-service withdrawals and early withdrawal penalties (continued)

- Employee contribution balances may be withdrawn once you reach age 59½.
- Amounts withdrawn prior to age 59½ are generally subject to a 10% early withdrawal penalty.
- Employer contributions are not eligible for withdrawal until separation from state service.

## Taxation

Twenty percent will be withheld for federal tax purposes at the time of payment on all distributions from PSR, with the exception of a rollover to another eligible retirement plan or a traditional IRA. Distributions are treated like ordinary income for the year paid out, and are subject to federal and state income taxes. More information on distribution and payment options, or on amounts available for withdrawal, can be found on the GaBreeze website or by calling the GaBreeze Benefits Center.



### Stick with PSR

There is no need to withdraw from the PSR 401(k) Plan once you retire or leave state employment. Even though you can no longer make contributions, by sticking with PSR you continue to benefit from tax-deferred growth and have access to benefits that a large group plan like PSR has to offer. Professional investment management, low cost, access to investment advice, flexible distribution options, and the rest of the features of PSR that you've become accustomed to may provide you with better retirement opportunities than you can find elsewhere.

## FOR MORE INFORMATION

### 401(k) Plan

**Visit:** the GaBreeze website at [www.GaBreeze.ga.gov](http://www.GaBreeze.ga.gov).


**Call:** the GaBreeze Benefits Center at **1-877-3GBreez (1-877-342-7339)**.  
Representatives are available from 8 a.m. to 5 p.m. Eastern Time,  
Monday through Friday.

### Pension Plan

**Visit:** the Employees' Retirement System website at [www.ers.ga.gov](http://www.ers.ga.gov).

**Call:** the Employees' Retirement System at **1-800-805-4609**.  
Representatives are available from 8 a.m. to 4:30 p.m. Eastern Time,  
Monday through Friday.





This booklet generally summarizes the Defined Benefit Pension Plan offered through the State of Georgia and the Section 401(k) Plan offered through the State of Georgia Peach State Reserves Program. Every attempt has been made to ensure that the information in this booklet is accurate. The GSEPS retirement plan is governed by legal documentation, including current tax law, state law, and the Plan documents, and is subject to and operated in accordance with the regulations of the Internal Revenue Service. In the event that there are any conflicts between this booklet and the law, rules, and regulations governing this Plan, the terms of the law, rules, and regulations will prevail.

Your plan sponsor has hired Aon Hewitt Financial Advisors to provide investment advisory services to plan participants. Aon Hewitt Financial Advisors, LLC (AFA) has hired Financial Engines Advisors L.L.C. (FEA) to provide sub-advisory services. AFA is a federally registered investment advisor and wholly owned subsidiary of Hewitt Associates LLC. FEA is a federally registered investment advisor and wholly owned subsidiary of Financial Engines<sup>®</sup>, Inc. Neither AFA nor FEA guarantee future results.